# **A blue and green background Description automatically generatedPre-Audit Review Checklist**

Instructions

## Use this checklist to assess your business's audit readiness. Check off items as you confirm them.

## **Financial Statements and Reports**

Balance sheet is current and balancedA blue square with white lines

Description automatically generated

Income statement reconciles with supporting documents

Cash flow statement accurately reflects all cash movements

All financial statements use consistent accounting methods

Prior period adjustments are documented and explained

Financial ratios are calculated and variances explained

## **Bank and Cash Management**

Bank reconciliations completed for all accounts

Bank statements available for past 12 months

Outstanding checks and deposits documented

Petty cash reconciled and receipts organized

Bank account signatories list is current

Electronic payment authorizations documented

## **Revenue and Receivables**

Sales records match bank deposits

Customer invoices are sequentially numbered

Accounts receivable aging report is current

Bad debt write-offs are documented and approved

Sales returns and allowances are properly recorded

Revenue recognition policies are documented

## **Expenses and Payables**

Vendor invoices match payment records

Purchase orders are properly authorized

Expense categorization is consistent

Accounts payable aging report is current

Credit card statements reconciled with receipts

Travel and entertainment expenses properly documented

## **Payroll**

Payroll tax returns filed and payments made

Employee files contain required documentation

Time records support payroll payments

Benefits calculations are accurate and documented

Contractor vs. employee classifications reviewed

Overtime calculations verified

Workers compensation insurance current

## **Tax Documentation**

Prior year tax returns available

Quarterly estimated tax payments documented

Sales tax collected and remitted properly

Property tax assessments and payments current

Local tax and license requirements met

Tax depreciation schedules updated

## **Asset Management**

Fixed asset register is current

Depreciation calculations documented

Asset purchases properly authorized

Asset disposals recorded and authorized

Equipment maintenance records available

Inventory counts reconciled to records

## **Contracts and Agreements**

Lease agreements current and accessible

Insurance policies current and adequate

Loan agreements and covenants reviewed

Vendor contracts organized and current

Employee agreements filed and accessible

Software licenses documented

## **Internal Controls**

Segregation of duties documented

Authorization matrices current

Access rights to systems reviewed

Password policies enforced

Backup procedures tested

Fraud prevention controls documented

## **Entity Documents**

Articles of incorporation/organization current

Board/member meeting minutes filed

Business licenses current

Ownership/shareholder records updated

Annual reports filed

State and local registrations current

## **Policies and Procedures**

Accounting policies documented

Employee handbook current

Safety procedures documented

Emergency procedures updated

Record retention policy followed

IT security policies documented

## **Prior Audit Materials**

Previous audit reports reviewed

Prior year audit points addressed

Management letters responded to

Corrective actions documented

Working paper requests organized

Audit correspondence filed

## **Special Considerations**

Related party transactions documented

Conflict of interest disclosures current

Unusual transactions explained

Industry-specific compliance met

Environmental regulations reviewed

Legal matters documented

## **Pre-Audit Administrative Tasks**

Audit room or workspace prepared

Electronic access rights arranged

Contact list updated

Document request list reviewed

Staff availability confirmed

Timeline established

Confidentiality agreements ready

## **Notes on Using This Checklist**

1. Start review at least 6-8 weeks before audit
2. Assign responsible individuals to each section
3. Set internal deadlines for completion
4. Document any open items or concerns
5. Maintain a status log of completed items
6. Schedule regular progress meetings
7. Prepare explanations for any exceptions

Last Updated: [Date]

Completed By: [Name]

Review Date: [Date]